

Mr. MACDONALD, M.P.: So most of it falls into an intermediate area.

In paragraph 27 you referred to the question of education and the importance of the education function. You are probably familiar with the operation of the Consumers' Council in the United Kingdom and you are probably also familiar with the fact that perhaps with action by this Parliament it will be possible for both the federal and the provincial governments to inter-delegate authority over some of these disputed areas. What would your view be about a joint federal-provincial consumers' council which would have the purpose of, shall we say, educating the unwary, investigating the suspect and castigating the unscrupulous?

Mr. SAUNDERS: This question sounds rather like "Are you in favour of motherhood?" On the surface, such a committee or controlling body sounds very good. In practical terms, I, personally speaking and entirely as an individual, would prefer to see the general educational level raised whereby people would understand the type of transaction. To have policing bodies is not a good solution because it creates too rigid an atmosphere. Many people do not understand medicine or law or economics or electronics, or whatever industry there might be, and where they come in contact with these things they are completely ignorant. They are exposed to the "well-intentionedness" of the dispenser of that service. I would say that on the whole this industry has been very clean. There have been unfortunate incidents that have created publicity, and which rightly should be criticized, but in a number of those cases, had the second party to the transaction been a little bit more knowledgeable, he never would have gone into it. We can legislate men out of existence, but we cannot do away with them. We can legislate against illegitimacy and we will never do away with it. We can legislate against theft, and we will not do away with that. We can legislate against abuses of consumer credit, but if people are unwary when they enter into these transactions, we will never do away with that either. If we educate the people to distinguish between sensible business and what is unethical, then we will eliminate this type of transaction.

Mr. MACDONALD, M.P.: Let me ask another question as a person interested in Laurentide Finance. The Porter Commission pointed out that sometime about 1939 the consumer loan people approved the move by the Government to put the small loans business under regulations, and Mr. MacGregor gave the opinion that it has been beneficial for business and for the public. Surely the same might apply in the case of sales finance companies?

Mr. SAUNDERS: It might. I am not suggesting regulations *per se* are bad. I understood your former question to be would it be a good idea to have a regulatory body superimposed on the present system. The regulatory body to me has too rigid an administrative meaning to create a desirable end. But there are forms of legislation in effect in a number of the states of the United States where the sales finance industry is controlled to some extent. There are laws existing in other countries which, for instance, set the maximum rate for any transaction that may be entered into. If these rates are set at a reasonable level, and the onus is on the credit grantor to stay within those levels, then that may expose those who are exceeding that level. If they are set at an unreasonable level in terms of being too low, that difference which is being legislated out is going to go underground.

Mr. MACDONALD, M.P.: You say there is nothing wrong with a maximum *per se*, but it depends on how high it is set.

Mr. MACDONALD: Is it not true that the intention of the Small Loans Act of 1939 was to protect the necessitous borrower, the person who it was thought had no bargaining power but who must obtain money under duress? The maximum amount set there was \$300, so that in itself shows the kind of people